XIAMEN KING LONG UNITED AUTOMOTIVE INDUSTRY CO, LTD

v.

KLM MOTOR SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR
HANIPAH FARIKULLAH JC
[ORIGINATING SUMMONS: 24IP-1-09-2012]
31 JANUARY 2013

TRADE MARKS: *Registered trade mark - Expungement - Application to expunge registered trade mark from Register of Trade Marks - Respondent's registered trade mark identical to applicant's trade mark - Whether applicant aggrieved person - Whether applicant's business would be offended by registration - Rightful owner of trade mark - Whether parties' trade marks identical - Whether there would be confusion and/or deception between marks - Trade Marks Act 1976, s. 45*

The applicant, an established manufacturer, distributor and seller of buses and coaches, first applied to register its trademark in 1998 in China and had since become one of the largest and best known bus manufacturers in China. The applicant also had its trade mark registered in 89 countries. All these trade mark registrations were filed long before the respondent's company was even incorporated. In 2005, the applicant, through its Malaysian agent, Euromawar Sdn Bhd ('Euromawar') succeeded in a bid tender to provide Syarikat Prasarana Negara Berhad with city buses. The applicant later concluded further distributorship agreements with Euromawar, R&A Manufacturing Industries Sdn Bhd ('R&A Manufacturing') and Intercoach Sdn Bhd ('Intercoach'). The applicant filed a trade mark application in Malaysia for the 'King Long & Device' mark under Class 12. In the present application, the applicant sought to remove the respondent's trade mark, registered in Class 12, from the Register of Trade Marks for bearing similar resemblance to that of the applicant's trade mark. The issues that arose for the court's consideration were: (i) whether the applicant was an aggrieved person; (ii) whether the applicant was the rightful owner of the trade mark; and (iii) whether the respondent's trade mark was identical to the applicant's.

Held (allowing application; expunging and cancelling respondent's trade mark from Register of Trade Marks):

(1) The applicant was an aggrieved person since its business would be offended by the registration of the respondent's trade mark. The applicant had produced extensive evidence as to sales and promotion in Malaysia of its trade mark which clearly showed that the nature of goods of both parties were identical. (para 34)

(2) The applicant had established evidence of first use of the King Long mark in Malaysia and was the lawful proprietor of the mark. Through its Malaysian partners, the applicant made substantial, exclusive and continuous use of the 'King Long & Device' mark in Malaysia for six years, such that the mark became well-known among members of the purchasing public and trade and was distinctive of the applicant. Thus, the trade mark registered by the respondent was unlawfully appropriated and registered in bad faith. (paras 41 & 42)

(3) The respondent's mark was identical to the device component of the 'King Long & Device' mark belonging to the applicant. There would inevitably be confusion and/or deception between the marks as a result of the obvious similarity between the two marks. The public and trade would be confused as to whether products bearing the identical marks originated from the same source. There was high likelihood that existing and potential customers might be diverted from the applicant to the respondent resulting in loss and damage to the applicant. (paras 45 & 46)

Case(s) referred to:

Abd Hamid Jaafar v. Shamsiah dan Keluarga Sdn Bhd [2004] 5 CLJ 381 HC ***(refd)***

Agricultural And Processed Food Products Export Development Authority Of India (APEDA) & Ors v. Syarikat Faiza Sdn Bhd [2011] 9 CLJ 394 HC ***(refd)***

McLaren International Ltd v. Lim Yat Meen [2009] 4 CLJ 749 FC ***(refd)***

Megat Najmuddin Dato' Seri (Dr) Megat Khas v. Bank Bumiputra (Malaysia) Bhd [2002] 1 CLJ 645 FC ***(refd)***

Re Arnold D Palmer in the Matter of Trade Mark Registration No 63249 [1986] 1 LNS 11 HC ***(refd)***

Service Master (M) Sdn Bhd v. MHL Servicemaster Sdn Bhd & Anor [1998] 1 CLJ 459 HC ***(refd)***

Tan Chwee Geok & Anor v. Khaw Yen-Yen & Anor [1975] 1 LNS 178 FC ***(refd)***

Legislation referred to:
Rules of Court 2012, O. 1A, O. 2 r. 3, O. 7 r. 2, O. 28 r. 1, O. 87, O. 92 r. 4
Trade Marks Act 1976, ss. 45(1)(a), 70(1)

For the applicant - Shashila (Anita Kaur with her); M/s Ramrais & Partners
For the respondent - Siow Kim Leong; M/s Tay Chai Huat & Co

Reported by Najib Tamby

JUDGMENT

Hanipah Farikullah JC:

[1] The applicant seeks to remove from the Register of Trade Marks, pursuant to s. 45 of the Trade Marks Act 1976, the Trade Mark Registration No. 06003489, in Class 12 (the trade mark), which is registered under the respondent's name.

[2] The applicant's trade mark is as follows:

[3] The respondent's registered trade mark is depicted below:

[4] The respondent refuted the applicant's claim and contended that they are the lawful proprietor of the registered trade mark.

Background Facts

[5] It is necessary to turn to the evidence on the development and background of the applicant's trade mark.

[6] The applicant, Xiamen King Long United Automotive Industry Co, Ltd was incorporated in China in 1988 and carries on the business as a manufacturer, distributor and seller of buses and coaches, carrying the applicant's " " trade mark.

[7] The respondent, KLM Motor Sdn Bhd is a company incorporated in Malaysia on 16 November 2005.

[8] The applicant is the creator of the trade mark "King Long & Device". The trade mark is representative of the applicant's corporate goals. The device within the oval is inspired by the Chinese character for "human being", which represents the applicant's corporate goal of being people-oriented. The oval alludes to the shape of the earth, representing global resources and a desire to expand internationally.

[9] The applicant first applied for trade mark registration of the device in 1998 in China, bearing registration number 1369601 and was registered in China on 28 February 2000. The said identical trade mark was also first registered abroad as an International Registration WIPO No. 761958 under the Madrid Protocol on 2 July 2001, designating Cuba, Democratic Republic of Korea, Kenya, Russian Federation and Vietnam. The applicant filed a trade mark application on 12 July 2001 in the United States of America (No. 2690365), on 14 February 2003 in the United Kingdom as designated by the WIPO registration No. 827444. The applicant has since filed trade mark applications for the trade mark and device in more than 100 countries, and the same was accepted or registered in about 89 countries.

[10] All these trade mark registrations were filed long before the respondent's company was even incorporated.

[11] The applicant first registered "KING LONG" which forms part of its corporate name in China on 25 May 1998. The said trade mark was registered on 21 August 1998 bearing registration No. 1307132. The said identical trade mark was also registered abroad in Lebanon on 30 July 1998.

[12] The applicant filed a trade mark application for the trade mark combination of "King Long and Device" on 15 February 2006 in Bangladesh. The applicant registered the trade mark combination of "King Long and Device" on 7 March 2011 in China.

[13] The applicant is now one of the largest and best-known bus and coach manufacturers in China, with several Complete Product Lines and one Product Research & Development Center. The applicant now produces more than 200 models with an annual production capacity of 50,000 buses, and has the capacity to

innovate technologies. This in turn leads to rapid development and the ability to secure worldwide marketing position. In 2009, the applicant exported 5,020 coaches bringing in total revenue of USD 141 million 43 thousand) worldwide including Malaysia. In 2010, the applicant exported 6,600 coaches (bringing in total revenue of USD 162 million 681 thousand). In 2011, the applicant exported 7,677 coaches (bringing in total revenue of USD 253 million 582 thousand). The applicant sold more than 200 buses in Malaysia in 2010 and 2011 respectively. Currently, products with the applicant's brand and logo are sold in over 80 countries and regions around the world including Malaysia.

[14] As a result of its long and substantial use, the applicant's trade mark, as registered in China, received recognition as a well-known trade mark from AQSIQ (State Administration for Quality Supervision and Inspection and Quarantine of the People's Republic of China) in September 2004 and from the Trademark Office of the State Administration for Industry & Commerce of the People's Republic of China on 12 October 2006.

[15] On 8 July 2005, the applicant appointed Euromawar Sdn Bhd, a company incorporated in Malaysia (hereinafter called "Euromawar"), to act as its agent and distributor in Malaysia for its range of city buses. Acting through Euromawar, the applicant participated in a bid tender for Syarikat Prasarana Negara Berhad, a wholly-owned Government company incorporated in Malaysia, subsequently winning the bid to provide the company with city buses on 13 April 2006.

[16] The applicant later concluded further distributorship agreements with Euromawar, R&A Manufacturing Industries Sdn Bhd (hereinafter "R&A Manufacturing") and Intercoach Sdn Bhd (hereinafter "Intercoach"), all incorporated in Malaysia. Whilst R&A Manufacturing imported buses from the applicant, it used its affiliated company China Auto (M) Sdn Bhd to sell these buses in Malaysia.

[17] The applicant filed a trade mark application in Malaysia for the "King Long & Device" mark on 22 June 2006 in Class 12 bearing the application No. 06010738 in respect of "Motor buses; motor coaches; electric vehicles; automobiles; vehicle chassis; vehicle bumpers; propulsion mechanisms for land vehicles; automobile bodies; automobile wheels; luggage carriers for vehicles;

vehicle seats; upholstery for vehicles; anti-theft devices for vehicles; locomotives; motorcycles; bicycles; funiculars; two-wheeled trolleys; tires for vehicle wheels; axles for vehicles, all included in Class 12."

[18] The applicant's Malaysian trade mark application was filed claiming priority rights based on its trade mark application No. 96900 filed in Bangladesh on 15 February 2006, pursuant to s. 70(1) of the Trade Marks Act 1976.

Issues

[19] The issues for consideration are as follows:

(i) Whether the applicant is an aggrieved person.

(ii) Whether the applicant is the rightful owner of the trade mark.

(iii) Whether the respondent's trade mark under the registration No. 06003489 is identical to the applicant's trade mark application No. 06010738.

Decision

[20] I have first to decide on the preliminary objections by the respondent.

[21] Firstly, the respondent has in its written submissions raised a preliminary objection against the applicant's entitlement in this action that the same does not state the relevant provision of the Rules of Court 2012 in particular O. 7 r. 2; O. 28 r. 1 and O. 92 r. 4 of the Rules of Court 2012.

[22] Order 7 r. 2 merely requires the applicant to state the relevant provisions of the Rules and any provision of any written law under which the court is being moved.

[23] It is clear that the applicant has in fact stated all the relevant sections of the Trade Marks Act 1976 ('TMA') in particular s. 45 for this action in its entitlement.

[24] Further, I agree with the applicant's submission that O. 28 r. 1 and O. 92 r. 4 of the Rules of Court 2012 are on the originating summons procedure and miscellaneous which are not directly relevant or necessary to be included in the intitulement.

[25] In this present case, the actual relevant provision from the Rules of Court 2012 is O. 87 and not O. 7 r. 2; O. 28 r. 1 and O. 92 r. 4 of the Rules of Court 2012 as claimed by the respondent.

[26] However, it is settled law that O. 1A of the Rules of Court 2012 expressly states that the court is to have regard to the justice of the case and not the technical non-compliance of any of the Rules. Further, as expressly stated in O. 2 r. 3, the court shall not allow any preliminary objection only on grounds of non-compliance of any of the Rules.

[27] In relation to this issue, authorities have shown that any preliminary objections on procedural and technical grounds should not be allowed by the court. (See *Abd Hamid bin Jaafar v. Shamsiah dan Keluarga Sdn Bhd* [2004] 5 CLJ 381; [2004] 5 MLJ 349; *Tan Chwee Geok & Anor v. Khaw Yen-Yen & Anor* [1975] 1 LNS 178; [1975] 2 MLJ 1188; *Megat Najmuddin Dato' Seri (Dr) Megat Khas v. Bank Bumiputra (Malaysia) Bhd* [2002] 1 CLJ 645; [2002] 1 MLJ 385).

[28] Based on the above reasons, the preliminary objection is overruled and the court will hear the merits of the application.

[29] Next, I have to decide whether the applicant is a person aggrieved and have *locus standi* under s. 45(1)(a) of the TMA to file this application.

[30] The respondent has cited the case of *Service Master (M) Sdn Bhd v. MHL Servicemaster Sdn Bhd & Anor* [1998] 1 CLJ 459; [1998] 5 MLJ 378 in support of its contention that the applicant is not a person aggrieved.

[31] Section 45(1)(a) provides as follows:

Rectification of the Register

(1) Subject to the provisions of this Act;

(a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit;

[32] Referring to *Re Arnold D Palmer*'s case (*Re Arnold D Palmer in the Matter of Trade Mark Registration No 63249* [1986] 1 LNS 11, the Federal Court in the case of *McLaren International Ltd v. Lim Yat Meen* [2009] 4 CLJ 749 stated that:

> We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trade mark-or who has a genuine and present intention to use his mark as a trade mark-in the course of a trade which is the same as or similar to the trade of the owner of the registered trade mark that the person wants to have removed from the register.

[33] Azahar Mohamed J in the case of *Agricultural And Processed Food Products Export Development Authority Of India (APEDA) & Ors v. Syarikat Faiza Sdn Bhd* [2011] 9 CLJ 394, when discussing the meaning of "aggrieved person":

> We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trade mark-or who has a genuine and present intention to use his mark as a trade mark-in the course of a trade which is the same as or similar to the trade of the owner of the registered trade mark that a person wants to have removed from the register.

[34] In this present case, it is noted that the applicants have produced extensive evidence as to sales and promotion in Malaysia of its trade mark which clearly shows the nature of goods of both parties are identical. Hence, I am satisfied that the applicant is an aggrieved person since its business will be offended by the said registration.

The Trade Mark Registered By The Respondent Is Unlawfully Appropriated In Bad Faith

[35] The applicant contended that at the time of filing for the trade mark, the respondent is not the *bona fide* proprietor of the mark and hence wrongful entry has been made in the Register as it has been made in bad faith.

[36] In order to determine who is the rightful owner of the trade mark, the court will have to evaluate the evidence with regards to the first user of the King Long trade mark in Malaysia.

[37] In relation to this issue, I am satisfied that the evidence clearly shows that the applicant is the first user of the mark in Malaysia.

[38] The applicant first registered "KING LONG" which forms part of its corporate name in China on 25 May 1998. The said trade mark was registered on 21 August 1998 bearing registration No. 1307132.

[39] The evidence shows that the applicant has given consent to select Malaysian partners allowing them to use the "King Long & Device" mark on buses and coaches in Malaysia. On 8 July 2005, the applicant appointed Euromawar Sdn Bhd, a company incorporated in Malaysia (hereinafter called "Euromawar"), to act as its agent and distributor in Malaysia for its range of city buses. Acting through Euromawar, the applicant participated in a bid tender for Syarikat Prasarana Negara Berhad, a wholly-owned Government company incorporated in Malaysia, subsequently winning the bid to provide the company with city buses on 13 April 2006.

[40] The applicant later concluded further distributorship agreements with Euromawar, R&A Manufacturing Industries Sdn Bhd (hereinafter "R&A Manufacturing"), and Intercoach Sdn Bhd (hereinafter "Intercoach"), all incorporated in Malaysia. Whilst R&A Manufacturing imported buses from the applicant, it used its affiliated company China Auto (M) Sdn Bhd to sell these buses in Malaysia.

[41] Further, the evidence shows that the applicant, through its Malaysian partners, has made substantial, exclusive and continuous use of the "King Long & Device" mark in Malaysia for six years, such that the mark has become well known among members of the purchasing public and trade and is distinctive of the applicant.

[42] Based on the above reasons, I am of the view that the applicant has established evidence of first use of the mark in Malaysia. Thus, the applicant is the lawful proprietor of the mark and the trade mark registered by the respondent is unlawfully appropriated and registered in bad faith.

Whether the Respondent's Trade Mark Under The Registration No. 06003489 Is Identical To The Applicant's Trade Mark Application No. 06010738

[43] The applicant contended that the trade mark registration no. 06003489 comprising the device is identical to the trade mark of the applicant ie, . Further, the respondent's corporate

name "KLM" is an abbreviation of the corporate name and trade mark "King Long Motor" of Xiamen King Long Motor Group Co, Ltd, which is the major shareholder of the applicant.

[44] The representations of the applicant's mark and the offending mark are as follows:

Applicant's mark Offending mark

[45] I have make a comparison between the applicant's mark and the respondent mark. I find that the respondent's mark is identical to the device component of the "King Long & Device" mark belonging to the applicant. Hence, there will inevitably be confusion and/or deception between the marks as a result of the obvious similarity between the two marks.

[46] Since the offending mark is identical to the device component of the "King Long & Device" mark used by the applicant it may cause confusion in the minds of the public as the marks are used in the same class, trade channels and target markets. The public and trade would be confused as to whether products bearing the identical marks originate from the same source. There is high likelihood that existing and potential customers may be diverted from the applicant to the respondent resulting in loss and damage to the applicant.

[47] Further, I accept the applicant's contention that:

(i) The respondent has attempted to deceive and mislead the ususpecting public into the false supposition and belief as to the origin of the respondent's products. These unlawful acts are calculated to misappropriate the commercial advantage enjoyed by the applicant in Malaysia.

(ii) The applicant has no control over the quality of any of the respondent's goods if any. The reputation and goodwill of the applicant will be damaged each time the respondent's products bearing the mark fails to meet the high quality and standard associated with the applicant and its mark. The purchasing public would wrongly attribute this lack of quality of standard to the applicant.

(iii) The respondent is riding on the goodwill and reputation established by the applicant worldwide and in Malaysia and that the unauthorised sale and distribution by the respondent of the products bearing the mark are acts which are deliberately intended to misrepresent the respondent as the source of manufacture and supply of the said products.

[48] Based on the above reasons, there will be likelihood of confusion between the respondent's trade mark and the applicant's trade mark and as the such use of the respondent trade mark is contrary to law.

Conclusion

[49] Based on the above reasons, I ordered the respondent registered trade mark to be expunged and cancelled from the Register. Thus, the prayers in the applicant's originating summons are allowed with costs of RM30,000.